


# **Life Insurance AZ 2026**

## **Batch 1: Core Concepts (1-10)**

*Verified Study Material*


# ? Question 1

**Sarah applies for life insurance on June 1 and pays the initial premium. She completes her medical exam on June 3. If the insurer finds her insurable as of June 1, when does her coverage begin?**

- ☒ **June 1 (Conditional Receipt)** 
- ☐ June 3 (Medical Exam Date)
- ☐ Upon Policy Delivery
- ☐ After First Premium Payment


## ? Question 2

**The Medical Information Bureau (MIB) provides:**

- ☒ **Medical history information shared among insurers** 
- ☐ Financial history of the applicant
- ☐ Credit score monitoring
- ☐ Details about the insurer's financial status

# ? Question 3

**Adverse selection refers to:**

- ☒ **Insuring high-risk individuals more frequently than average**  

- ☐ Rejecting all applicants with pre-existing conditions
- ☐ Offering policies at lower premiums to attract business
- ☐ None of the above


## ? Question 4

**A binding receipt provides:**

- ☒ **Immediate, albeit temporary, coverage until formal rejection/acceptance** ✓
- ☐ Coverage only after the medical exam is passed
- ☐ A guarantee that the policy will be issued as applied for
- ☐ No coverage until the policy is delivered


# ? Question 5

**The principle that larger numbers of similar risks make losses more predictable is known as:**

- ☒ **Law of Large Numbers** 
- ☐ Risk Pooling
- ☐ Adverse Selection
- ☐ Risk Classification


## ? Question 6

**What does 'Human Life Value' approach use to determine the amount of life insurance needed?**

- ☒ **Earnings and financial impact of premature death** 
- ☐ Current assets and liabilities
- ☐ Estimated funeral and medical expenses
- ☐ Desired lifestyle for survivors

# ? Question 7


**A 7-Pay Test is used to determine if a life insurance policy is a:**

- ☒ **Modified Endowment Contract (MEC)** 
- ☐ Universal Life Policy
- ☐ Variable Life Policy
- ☐ Term Life Policy




## ? Question 8

**Which type of policy allows for partial withdrawals from the cash value?**

- ☒ **Universal Life** 
- ☐ Whole Life
- ☐ Variable Life
- ☐ Term Life


## ? Question 9

**What is the 'Net Amount at Risk' for an insurer?**

- ☒ **Face amount minus the cash value** 
- ☐ Total premiums paid minus expenses
- ☐ The cash value plus interest
- ☐ The face amount plus the cash value

## ? Question 10

**Which policy is designed to cover two or more lives and pays out only upon the death of the last surviving insured?**

- ☒ **Survivorship Life (Second-to-Die)** 
- ☐ Joint Life (First-to-Die)
- ☐ Family Policy
- ☐ Group Life